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C O N F I D E N T I A L SECTION 01 OF 02 CANBERRA 000571

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SUBJECT: RUDD'S POLICY ADVISER ON IRAQ, AFGHANISTAN AND ASIA

REF: CANBERRA 551

Classified By: DCM Daniel A. Clune, for reasons 1.4 (b) and (d).

11. (C/NF) SUMMARY: Ahead of Opposition Leader Kevin Rudd's April 19-21 trip to Washington and New York, his foreign policy adviser, Peter Khalil, told poloffs that Rudd was committed to a close relationship with the United States. While he would withdraw Australian combat troops from Iraq if he becomes prime minister, Rudd recognizes the importance to the Middle East of supporting the Iraq government and would be prepared to provide other assistance such as training for Iraq security forces. Khalil stressed that the other Australian forces in the Gulf would remain and any troop withdrawal would be coordinated with the Coalition. If necessary the combat troops could even stay for another rotation but Rudd believes that Australia could be of greater value in Iraq in other ways. Rudd fully supports Australia's efforts in Afghanistan and the recent increase in combat troops (see ref). He agrees with the idea of greater engagement with India, and more security cooperation with Japan but prefers less formal engagement to explicit links such as an "ANZUS style" defense agreement with Japan or a U.S.-Japan-Australia-India security dialogue that could be construed as directed at another country. Rudd favors nuclear cooperation with India, combined, however, with a strengthening of multilateral nuclear non-proliferation regimes. In the Pacific, Rudd is fully cognizant of the threat posed by the Chinese and Taiwanese buying support throughout the region. He would focus on engagement rather than threats or coercion as a more effective way to influence the island states' behavior. END SUMMARY

NO COMBAT TROOPS IN IRAQ

12. (C/NF) In a lunch with poloffs on April 13, Australian Labor Party (ALP) leader Kevin Rudd's foreign policy adviser Peter Khalil repeated the ALP's policy on Iraq: if Kevin Rudd becomes prime minister after the federal elections later this year, he will withdraw Australian combat troops from Iraq. Rudd was a strong supporter of the alliance relationship with the United States, Khalil stressed, and he would retain the rest of Australia's military commitment in the Gulf but not the combat troops. Khalil, who worked for Paul Bremer and the Coalition Provisional Authority in Iraq, said he understood better than most the challenges in Iraq. The problem there is to help the moderate elements in the society find a political solution that could build national support and thereby exclude the Sunni and Shia extremists. To do

this, the political actors in Iraq would need the Coalition's support, and an Australia under Kevin Rudd would help with that effort, but the tiny number of Australian combat troops in Iraq would make no difference.

#### FULL AGREEMENT ON AFGHANISTAN -- AND IRAN

¶3. (C/NF) Khalil reiterated Rudd's public comment (see ref) supporting Prime Minister John Howard's decision to return Australian special forces combat troops to Afghanistan. Rudd believed the Taliban and al-Qaeda were regrouping and needed to be confronted. In addition, the bombers who had killed over 80 Australians in Bali in 2002 had trained in Afghanistan. A key issue in the region, Khalil maintained, was how to deal with Iran. Rudd is under no illusions concerning Iran and its nuclear and regional ambitions and would likely support efforts at containment.

#### MULTILATERAL DIPLOMACY BUT NO ALLIANCES

¶4. (C/NF) Rudd disapproved of Howard's security agreement with Japan, Khalil noted. While Rudd agreed with most of the measures in the agreement, and had issued a statement to that effect a week before the Prime Minister's trip to Japan, he believed a formal security arrangement with Japan unnecessarily antagonized other countries in the region and was not needed, in any event, to strengthen security cooperation. Rudd did not favor the idea of an Australia-Japan-India-U.S. dialogue if it is perceived as excluding or being directed at other countries in the region. Khalil understood and accepted that renewed nuclear-power cooperation with India was a necessary price to pay for a closer relationship. Australia's uranium industry could in

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fact benefit from renewed trade with India, he noted, but a Rudd government would encourage stronger enforcement of existing multilateral nuclear non-proliferation regimes.

#### ENGAGEMENT IN THE PACIFIC

¶5. (C/NF) Khalil said a Rudd foreign policy would be more inclined to engage with its neighbors in the Pacific to help find a mutually-agreeable solution to their problems, rather than attempt to bully them into cooperation. Rudd would work closely with the United States to respond to any threat caused by the Chinese and Taiwanese buying influence in the region.

#### COMMENT: NOT MARK LATHAM

¶6. (C/NF) Rudd will travel to the United States April 18-21, with meetings in Washington and a speech to the Brookings Institute on the "Rise of China" on April 19. He will have more meetings in New York April 20 with Australian businessmen before returning home. As Rudd himself has noted on numerous occasions, he is a strong supporter of the Alliance and this meeting served to underscore that fact ahead of the trip. The ALP leader for the last national parliamentary election in 2004, Mark Latham, had a much cooler attitude toward the Alliance and it cost him politically. On foreign policy, Rudd is a conservative ALP politician in the mold of Kim Beazley and his U.S. policy likely genuinely reflects his views.

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